



**U.S. Department of
Transportation**

Office of the Secretary
of Transportation

Assistant Secretary

1200 New Jersey Ave., S.E.
Washington, DC 20590

April 22, 2009

DEPT OF TRANSPORTATION
DOCKETS

2009 MAY -1 P 2:21

The Honorable Stephen P. Pougnet
Mayor of Palm Springs
Palm Springs, CA 92263-2743

Dear Mayor Pougnet:

Thank you for your letter of March 24, 2009, supporting and urging prompt action on a request by Continental Airlines and United Air Lines for a grant of antitrust immunity to operate an alliance. The Secretary has requested that I respond to your letter directly.

The U.S. Department of Transportation's review of this request is part of a public proceeding in which interested parties have the opportunity to comment. The Department carefully considers all requests for antitrust immunity, beginning with a review of the record to assess whether there is sufficient information to make a reasoned decision that satisfies all statutory requirements. Decisions regarding requests for antitrust immunity are made after consultation with the Department of Justice, and are based upon statutory standards that include antitrust principles.

As you may be aware, we recently issued an order proposing to grant the antitrust immunity requested. We will evaluate any new comments submitted in response to our proposal and then proceed to issue a final decision as soon as possible. As this proceeding is still pending, I am sure you understand that I cannot comment further. I assure you, however, that the Department will give full and fair consideration to the application, as well as all comments in the docket.

As is our normal practice, I am placing a copy of your letter and this response in Docket OST-2008-0234 as a contact outside the record in this matter. I appreciate your interest in this proceeding.

Sincerely yours,

Christa Fornarotto
Acting Assistant Secretary
for Aviation and International Affairs



City of Palm Springs

Steve Pougnet, Mayor

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March 24, 2009

The Honorable Raymond H. LaHood, Secretary
United States Department of Transportation
1200 New Jersey Avenue, S.E.
Washington, D.C. 20590

Dear Secretary LaHood:

We are writing to ask that you immediately approve the application before the U.S. Department of Transportation (USDOT) to allow Continental Airlines to join an alliance with United Airlines and other Star Alliance carriers and to extend antitrust immunity for greater international cooperation. In November, the Department declared the record with regard to this application substantially complete and the applicants are now awaiting a decision.

United is a key airline at Palm Springs International Airport, and approval of this proposed agreement will help enhance the airline industry's long term competitiveness. Against the backdrop of the global economic crisis, airlines must make fundamental changes to ensure a sustainable structure. Our airlines need to pursue all opportunities to allow them and the communities they serve to stay competitive in an increasingly global marketplace. Approval of this application would allow Continental and United to compete more effectively with other international alliances and expand price and service options to Palm Springs businesses, visitors, and residents. It will also help preserve air service and contribute to the ongoing economic vitality of domestic markets of all sizes.

We believe that the authority the present application seeks is fully consistent with USDOT policy and past grants of immunity. USDOT has consistently supported international alliances that enhance consumer welfare and competition by permitting carriers to expand their networks and increase efficiency to otherwise-unattainable levels. Your leadership in this matter will ensure that the benefits of this application to consumers, competition and airline employees are not delayed because of government inaction.

We look to your leadership to approve the pending application without delay.

Very truly yours,

Stephen P. Pougnet, Mayor

SP:mme

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